



2014-2015
BUDGET UPDATE
GOVERNOR'S 2015-2016 PROPOSED BUDGET

Board of Trustees Meeting
January 12, 2015

The mission of the Rancho Santiago Community College District is to provide quality educational programs and services that address the needs of our diverse students and communities

State Budget Update Governor's Proposed Budget

- Governor presented Proposed Budget on January 9th
- State economy continues to improve
 - ❖ Additional sales, personal and corporate income tax revenues from improving economy, increased employment, capital gains and increased consumer confidence
 - ❖ Augmented by Prop 30 temporary tax revenues
- Additional combined revenues project State Budget surpluses in near future
 - ❖ Governor proposes to place some excess revenues in reserve
 - ❖ Prop 2 – Rainy Day Reserve - \$2.8 billion
- Large share of new state revenues are going to K-14 education to fund the Prop 98 minimum funding guarantee

State Budget Update

Governor's Proposed Budget

- \$8 billion increase in Prop 98 funding for K-14
- Community Colleges - \$1 billion increase
 - ❖ 10.95% share of Prop 98
 - ❖ Includes on-going and one-time prior year Prop 98 settle up funds
- No Prop 2 Rainy Day Reserve for Prop 98
 - ❖ All funding allocated for use by K-14
- Governor urges “restraint” on overall budget
 - ❖ “We have a carefully balanced budget, more precarious than I’d like, but it is balanced.”
- State Chancellor – Brice Harris
 - ❖ “best our system has seen in years”
 - ❖ “caution you about this strong proposal”
 - ❖ “there are significant financial clouds on the horizon” with “increased operating expenses”

State Budget Update Governor's Proposed Budget Community Colleges Impact

- No increase to student enrollment fees proposed
 - ❖ Remains at \$46 per credit unit
- \$106.9 million (2.0%) in growth/access/restoration funding
 - ❖ RSCCD = potential to earn approximately \$2.6 million
 - ❖ Utilizing the new prescribed growth formula beginning 2015/16
- \$125 million increase to base allocation funding
 - ❖ Varies depending on college size and approved centers
 - ❖ Assist with increased PERS, STRS, professional development, converting part-time faculty positions to full-time faculty positions and other general expenses
 - ❖ RSCCD = depending on how allocated, approximately \$2.4 million to \$3.1 million

State Budget Update Governor's Proposed Budget Community Colleges Impact

- COLA (Cost of Living Allowance) - \$92.4 million
 - ❖ Governor proposes a 1.58% statutory COLA for general purpose apportionments
 - ❖ RSCCD = approximately \$2.3 million
- Student Success and Support Program – additional \$100 million expansion
 - ❖ Formerly Matriculation program
 - ❖ RSCCD = approximately \$2.5 million
 - ❖ One to one matching requirement
 - ✓ Arguably this uses up all of the base allocation increase in funding
 - ✓ State Chancellor now has the ability to deem no match requirement...
- Student Equity Program – additional \$100 million
 - ❖ RSCCD = approximately \$2.5 million
 - ❖ No matching requirement

State Budget Update

Governor's Proposed Budget

Community Colleges Impact

- Career Development College Preparation (CDCP) per FTES funding rate equalization - \$49 million
 - ❖ “enhanced non-credit”
 - ❖ Equalizes CDCP rate at the credit rate
 - ❖ Current 2014/15 Credit FTES rate = \$4,675.90
 - ❖ Current 2014/15 CDCP FTES rate = \$3,310.72
 - ❖ RSCCD = approximately \$7 - \$8 million new revenue
 - ❖ RSCCD largest CDCP program in the system
 - ✓ Approximately 5,800 - 6,450 FTES
 - ❖ Unknown to what extent the new funds are restricted/unrestricted

State Budget Update Governor's Proposed Budget Community Colleges Impact

- Apprenticeship Program - \$29.1 million
 - ❖ \$14.1 million to grow existing programs
 - ❖ \$15 million to create innovative demonstration projects focused on new and emerging industries with unmet labor market demand
 - ❖ RSCCD = unknown at this time
- Career Technical Education - \$48 million
 - ❖ One-time funds
 - ❖ Support Career Technical Education Pathways program
 - ❖ RSCCD = unknown at this time

State Budget Update Governor's Proposed Budget Community Colleges Impact

- Pay down of outstanding Mandate claims - \$353.3 million
 - ❖ One-time funds – Block Grant
 - ❖ Allocation on per FTES basis (est. \$308)
 - ✓ Based on 2014/15 P-2 FTES
 - ❖ Retire outstanding mandate claims to the extent districts have any such obligations on the books
 - ❖ Appears to be unrestricted funding
 - ❖ Scheduled Maintenance, Instruction Equipment, other one-time costs
 - ❖ RSCCD = approximately \$8.7 million
 - ✓ No match required

State Budget Update Governor's Proposed Budget Community Colleges Impact

- Apportionment Deferrals - \$94.5 million
 - ❖ Eliminates (buys back) all community college's apportionment deferrals (IOU's)
 - ❖ RSCCD = \$2.5 million
 - ❖ Does not provide any additional funds to districts (no new money)
 - ❖ Pays off entirely the state's apportionment deferrals - IOU's
- Proposition 39 Energy Efficiency program - \$39.6 million
 - ❖ Third year out of a five year program
 - ❖ RSCCD = approximately \$950,000
 - ✓ About the same as current year allocation
 - ❖ RSCCD third year projects already defined and submitted

State Budget Update Governor's Proposed Budget Community Colleges Impact

- Adult Education – K-14 - \$500 million
 - ❖ Funding for K-14 consortiums formed by AB86
 - ❖ To fund primary and secondary basic skills, classes and courses in citizenship and ESL, short-term FTE and programs for adults with disabilities
 - ❖ Consortiums will each designate an allocation committee with prescribed seven members
 - ❖ Allocation committee will determine how to allocate funds for direct instruction, support services and administration of the consortium
 - ❖ RSCCD = unknown at this time

State Budget Update Governor's Proposed Budget Community Colleges Impact

- This is a great start in budget deliberations for the community college system!
 - ❖ Although still some critics within the system
- Devil is in the details
 - ❖ Need to see proposed trailer bill implementation language
- Concern with new Growth Allocation Model
 - ❖ Dictated and prescribed by 2014/15 State Budget Act
 - ❖ Practically no one in the CCD system likes it – rare common agreement
 - ❖ Advocating for delay until 2016/17 and revisit of prescribed data elements
 - ❖ Constraints RSCCD to less than 2% growth funding per year regardless of student demand
 - ✓ Other large district constrained to 1%
 - ❖ Provides for low growth in many areas where there is high growth demand and for high growth in many areas where there is lower demand

State Budget Proecss Update “it ain’t over ‘til it’s over”

- Governor’s Proposed Budget just starts State Budget process and discussions for 2015/16 budget
 - ❖ Legislative committees hold hearings
 - ❖ Not much happens until after April 15th
- May Revise (expected May 15th) updates state revenues and expenditures
 - ❖ This is generally when serious budget discussions start
- Legislature has a June 15th deadline to enact a State Budget to forward to the Governor for signature by July 1st
 - ❖ Or they don’t get paid